



Fourth Quarter & Full Year 2024 Earnings Presentation

February 18, 2025

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Disclaimer

FORWARD LOOKING STATEMENTS

The information in this press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of present or historical fact included in this press release, regarding Magnolia's strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward looking statements. When used in this press release, the words could, should, will, may, believe, anticipate, intend, estimate, expect, project, the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations and assumptions about future events. Except as otherwise required by applicable law, Magnolia disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this press release. Magnolia cautions you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of Magnolia, incident to the development, production, gathering and sale of oil, natural gas and natural gas liquids. In addition, Magnolia cautions you that the forward looking statements contained in this press release are subject to the following factors: (i) the supply and demand for oil, natural gas, NGLs, and other products or services, including impacts of actions taken by OPEC and other state-controlled oil companies; (ii) the outcome of any legal proceedings that may be instituted against Magnolia; (iii) Magnolia's ability to realize the anticipated benefits of its acquisitions, which may be affected by, among other things, competition and the ability of Magnolia to grow and manage growth profitably; (iv) changes in applicable laws or regulations; (v) geopolitical and business conditions in key regions of the world; and (vi) the possibility that Magnolia may be adversely affected by other economic, business, and/or competitive factors, including inflation. Should one or more of the risks or uncertainties described in this press release occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. Additional information concerning these and other factors that may impact the operations and projections discussed herein can be found in Magnolia's filings with the SEC, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, which is expected to be filed with the SEC on February 19, 2025. Magnolia's SEC filings are available publicly on the SEC's website at www.sec.gov.

NON-GAAP FINANCIAL MEASURES

This presentation includes non-GAAP financial measures, including adjusted net income, free cash flow, adjusted EBITDAX, adjusted cash operating costs, adjusted cash operating margin and return on capital employed. Magnolia believes these metrics are useful because they allow Magnolia to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to accounting methods or capital structure. Magnolia does not consider these non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. The computations of these non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Adjusted net income and adjusted EBITDAX should not be considered an alternative to, or more meaningful than, net income as determined in accordance with GAAP. Certain items excluded from free cash flow, adjusted net income, adjusted EBITDAX, adjusted cash operating costs, adjusted cash operating margin, adjusted operating margin and return on capital employed are significant components in understanding and assessing a company's financial performance and should not be construed as an inference that its results will be unaffected by unusual or non-recurring terms.

As performance measures, adjusted net income, adjusted EBITDAX, adjusted cash operating costs, adjusted cash operating margin and return on capital employed may be useful to investors in facilitating comparisons to others in the Company's industry because certain items can vary substantially in the oil and gas industry from company to company depending upon accounting methods, book value of assets, and capital structure, among other factors. Management believes excluding these items facilitates investors and analysts in evaluating and comparing the underlying operating and financial performance of our business from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis. As a liquidity measure, management believes free cash flow is useful for investors and widely accepted by those following the oil and gas industry as financial indicators of a company's ability to generate cash to internally fund drilling and completion activities, fund acquisitions, and service debt. Our presentation of adjusted net income, adjusted EBITDAX, free cash flow, adjusted cash operating costs, adjusted cash operating margin and return on capital employed may not be comparable to similar measures of other companies in our industry. A free cash flow reconciliation is shown on page 21, adjusted EBITDAX reconciliation is shown on page 22 of the presentation, adjusted net income is shown on page 23, adjusted cash operating costs and adjusted cash operating margin reconciliations are shown on page 15 and ROCE is shown on page 25.

INDUSTRY AND MARKET DATA

This presentation has been prepared by Magnolia and includes market data and other statistical information from sources believed by Magnolia to be reliable, including independent industry publications, governmental publications or other published independent sources. Some data is also based on the good faith estimates of Magnolia, which are derived from its review of internal sources as well as the independent sources described above. Although Magnolia believes these sources are reliable, it has not independently verified the information and cannot guarantee its accuracy and completeness.

Highlights & Announcements

Financial



2024 total adjusted net income of \$401 million and operating income margin of 39%

2024 adjusted EBITDAX of \$953 million with a 50% reinvestment rate

D&C capital of \$477 million and free cash flow of \$430 million

2024 Return on Capital Employed (ROCE) of 22%

Operations



2024 production of 89.7 Mboe/d (9% annual growth) and oil production of 38.3 Mbbls/d (11% annual growth)

Giddings annual production growth of 16% and annual oil production growth of 21% YoY

Successful 2024 field-level optimization & cost reduction program – Q424 LOE of \$5.36 per boe, down 10% vs. Q124

Corporate



Returned ~\$378 million to shareholders (88% of free cash flow) during 2024, including: ~\$273 million of share repurchases and dividends of ~\$105 million

Increased dividend 15% to \$0.60 annualized per share

Increased open market share repurchase authorization in February 2025 by 10 million shares

Continuing to execute a differentiated business model focused on enhancing per share value

Magnolia's Consistent Business Model

High Quality Assets Drive Low Capital Reinvestment Rate that Grows the Business

Limit Capital Spending to 55% of Annual Adjusted EBITDAX

Return Substantial Portion of Our Free Cash Flow to Shareholders and Allocate Some Excess Cash Toward Small, Bolt-on Acquisitions that Improve the Business

Long-term dividend per share compound annual growth rate of ~10% and share repurchases of at least 1% per quarter



Deliver Mid-Single Digit Long-Term Production Growth with Significant Free Cash Flow

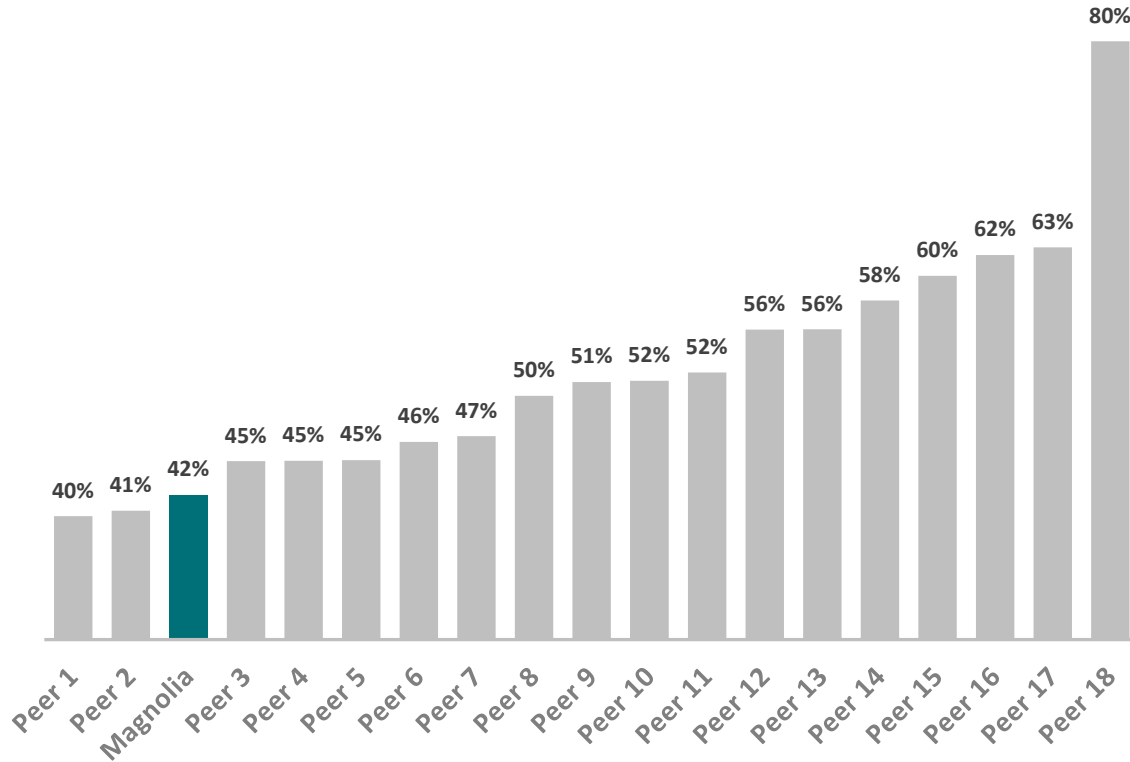
2025 BOE Growth of 5%-7%

Maintain Conservative Financial Leverage to Provide Financial Flexibility Through Cycle

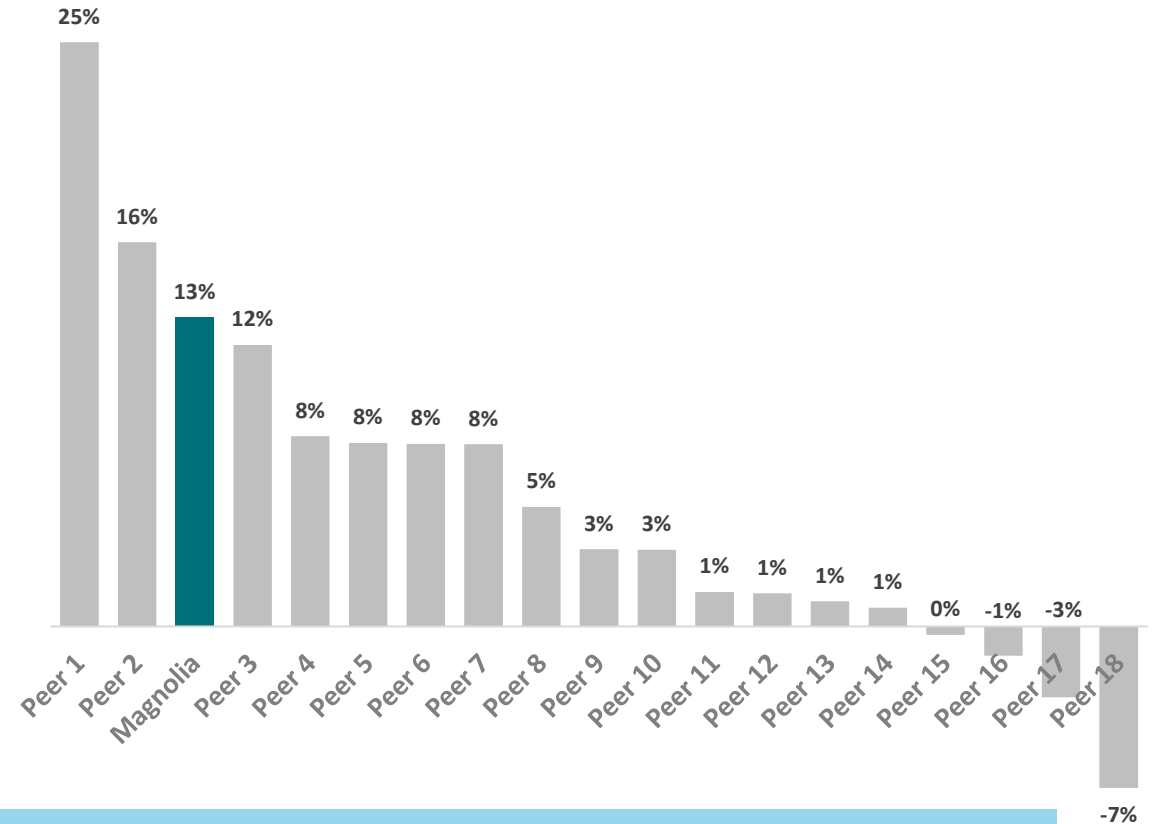
Strong balance sheet, with minimal net debt, provides ability for counter cyclical investing to increase per share value

Low Reinvestment Rate with Strong Production Growth

4-Year Average Reinvestment Rate¹



Production Growth Per Share¹ (4-Year CAGR)

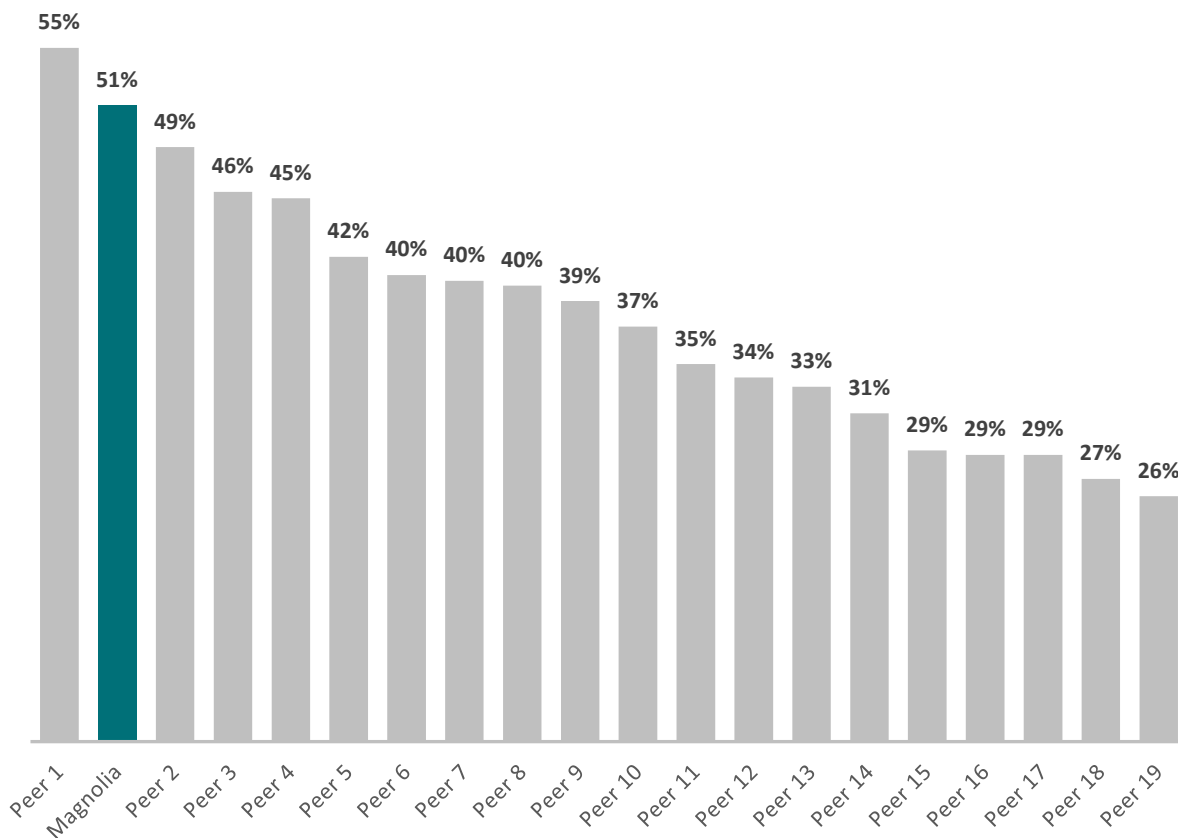


Magnolia's Giddings Focused Development has Provided a More Capital Efficient Program Compared to Peers

(1) Source: FactSet (2021 – 2024E) as of 2/6/2025. Reinvestment Rate is exploration and development capital divided by operating cash flow. Production growth per share is calculated as the 4-year growth rate of annual production divided by weighted average diluted shares outstanding in each respective year. Peers include: APA, AR, CHR, CIVI, COP, CTR, DVN, EOG, EQT, FANG, HES, MTD, MUR, OVV, OXY, PR, RRC, and SM.

High Pre-tax Operating Margins

Operating Margin ⁽¹⁾ (4-Year Average)

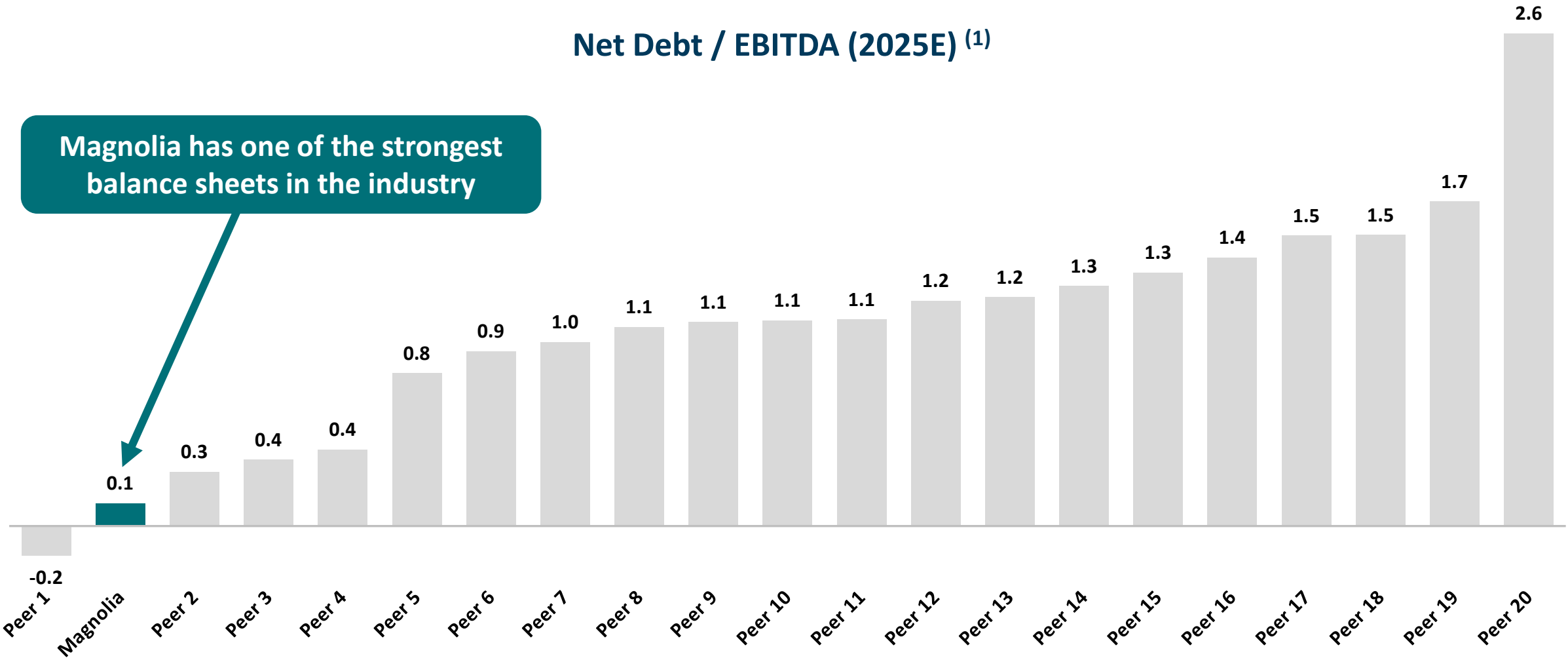


- ❑ Magnolia has consistently delivered one of the highest operating margins relative to peers
- ❑ High-quality asset base and focus on maintaining low costs support top-tier operating margins
- ❑ High-margin production supports free cash flow generation and strong return of capital to shareholders

(1) Source: FactSet (2021 – 2024E) as of 2/6/2025. Operating margin is EBIT divided by revenue by year. Peers include: APA, AR, CHRD, CIVI, COP, CTRA, DVN, EOG, EQT, EXE, FANG, HES, MTDR, MUR, OVV, OXY, PR, RRC, and SM.

Low Leverage Drives Financial Flexibility

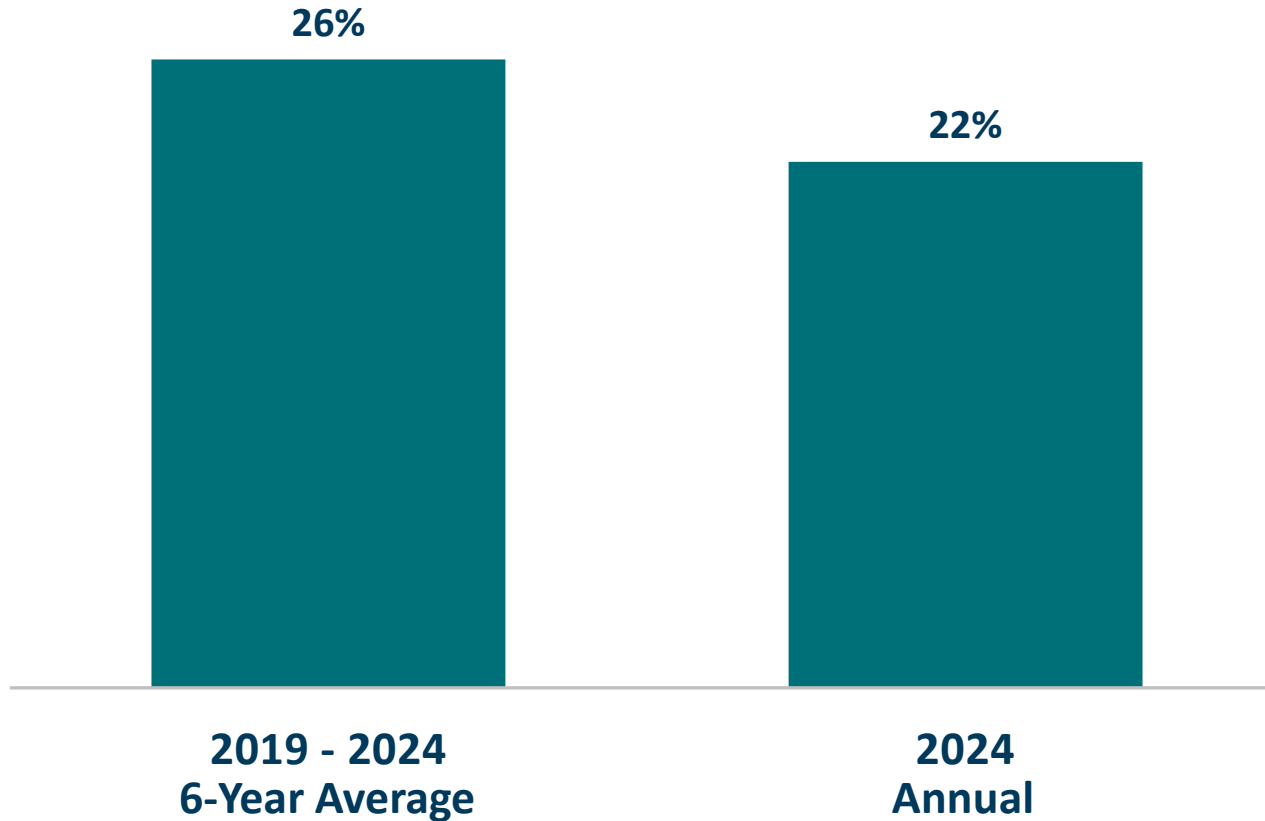
Net Debt / EBITDA (2025E) ⁽¹⁾



(1) Source: FactSet (2025E) as of 2/6/2025. Net debt is calculated as the difference between cash and total principal long-term debt. Peers include: APA, AR, CHRD, CIVI, COP, CRGY, CTRA, DVN, EOG, EQT, EXE, FANG, HES, MTDR, MUR, OVV, OXY, PR, RRC, and SM.

History of Top-Tier Return on Capital Employed

Historical ROCE



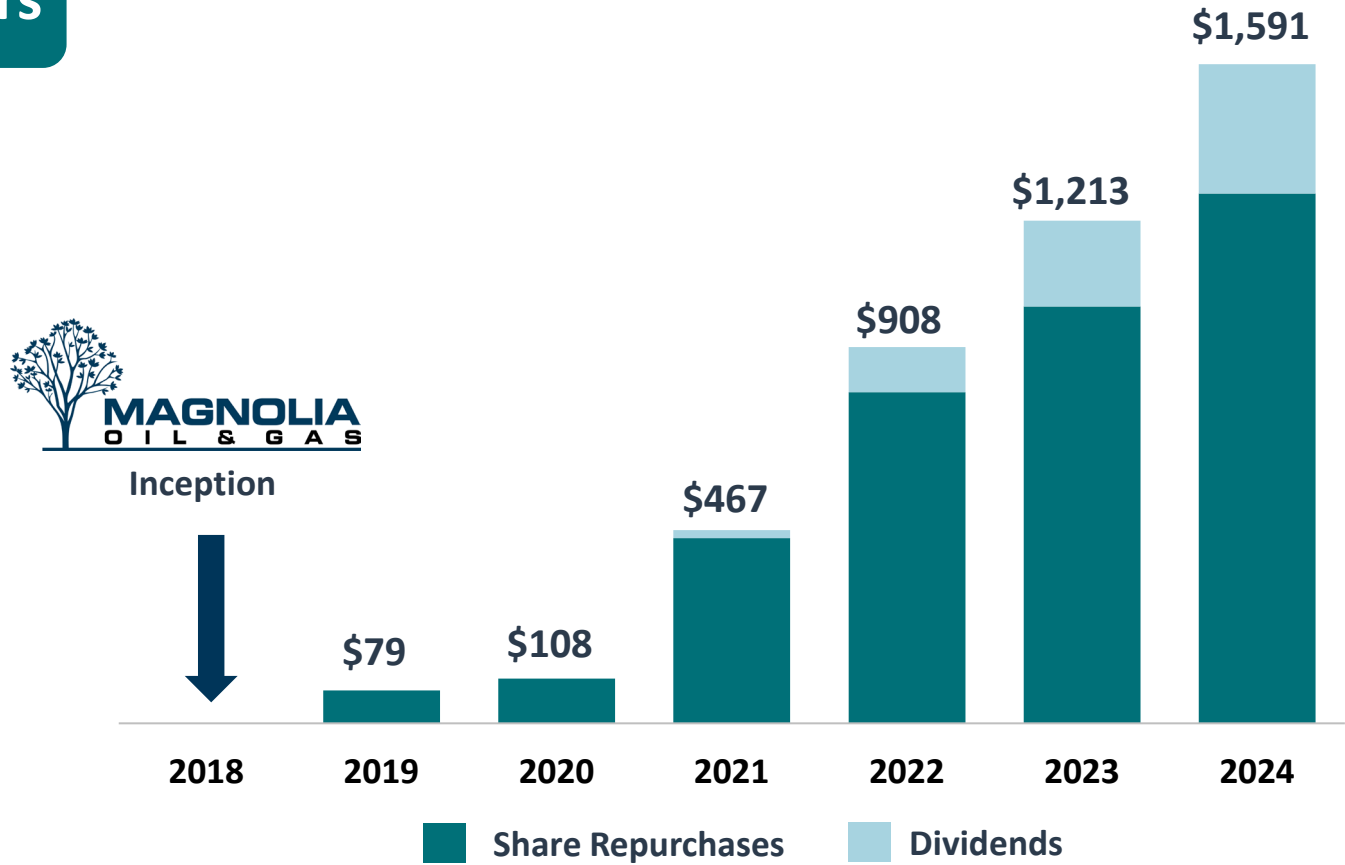
- ❑ Low reinvestment rate and continued business model execution - low leverage, disciplined capital spending and high pre-tax margins are critical to sustaining high returns
- ❑ Focus on cost reductions and ongoing share repurchases has had a tangible beneficial impact on Magnolia's corporate returns

Consistent & Sizable Cash Return to Shareholders

~\$1.6 Billion Returned to Shareholders

- ❑ Magnolia has a strong track record of returning capital to shareholders
- ❑ Returned ~35% of current market cap over prior six years
- ❑ Focus on compounding per share value through share count reduction and safe, sustainable dividend growth

Cumulative Return of Capital (\$MM)



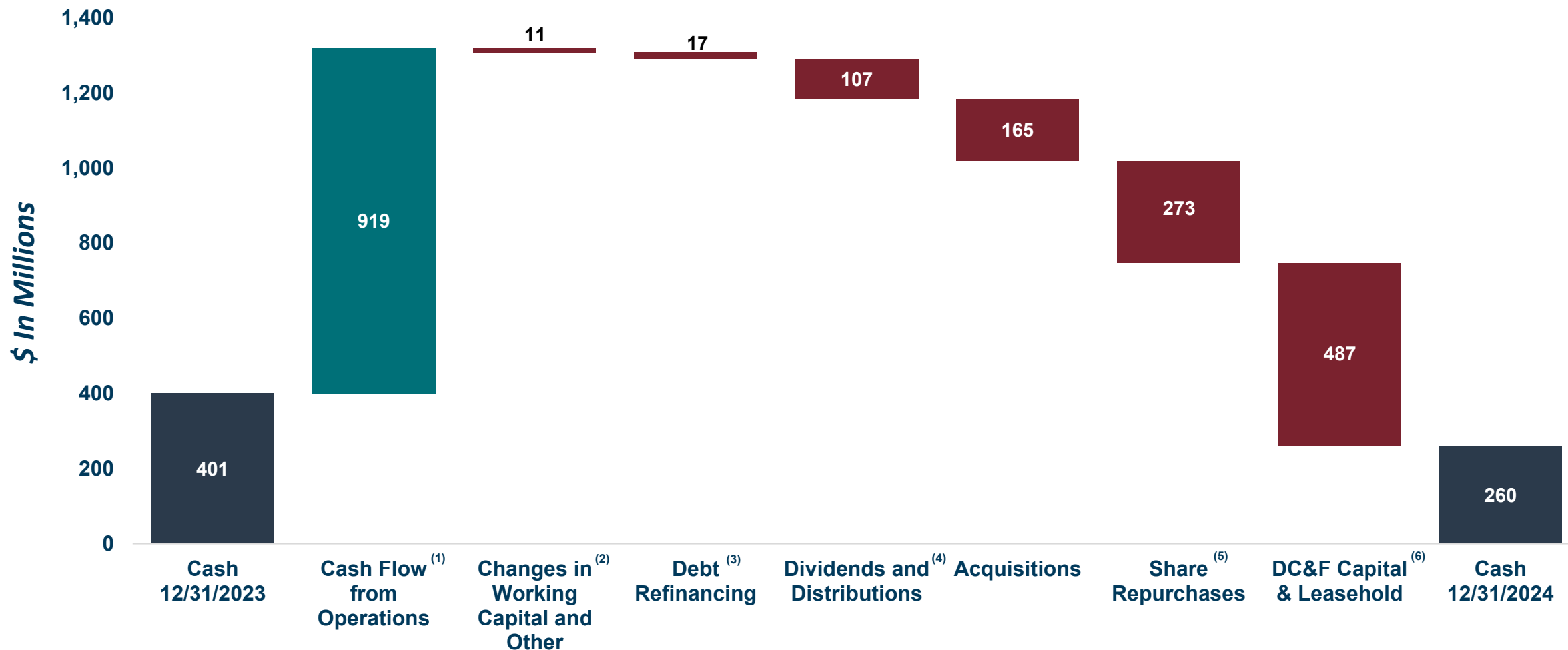
Key Fourth Quarter & Full Year 2024 Financial Metrics

Metric	Q4 2024	YoY % Change	2024	YoY % Change
Total Production (Mboe/d)	93.1	9%	89.7	9%
Oil Production (Mbbbls/d)	38.8	9%	38.3	11%
Giddings Production as a % of total	77%	3%	76%	5%
Revenue (\$ MM)	\$327	1%	\$1,316	7%
Adjusted EBITDAX (\$ MM)	\$236	(2%)	\$953	6%
Adjusted Net Income (\$ MM)	\$95	(11%)	\$401	(9%)
D&C Capex (\$ MM)	\$132	44%	\$477	13%
D&C Capital % of Adjusted EBITDAX	56%	18%	50%	3%
Return on Capital Employed (ROCE) ⁽¹⁾	21%	(3%)	22%	(3%)
Free Cash Flow (\$ MM)	\$90	(31%)	\$430	4%
Cash Balance (\$ MM)	\$260	(35%)	\$260	(35%)
Diluted weighted average shares outstanding (MM) ⁽²⁾	196.2	(5%)	200.0	(5%)

(1) Q4 2024 ROCE annualized; 2024 represents full year actual ROCE.

(2) Weighted average total shares outstanding include diluted weighted average shares of Class A Common Stock outstanding during the period and shares of Class B Common Stock, which are anti-dilutive in the calculation of weighted average number of common shares outstanding.

2024 Cash Flow Reconciliation



(1) Cash flow from operations before changes in working capital.

(2) Comprised of other investing and financing activities.

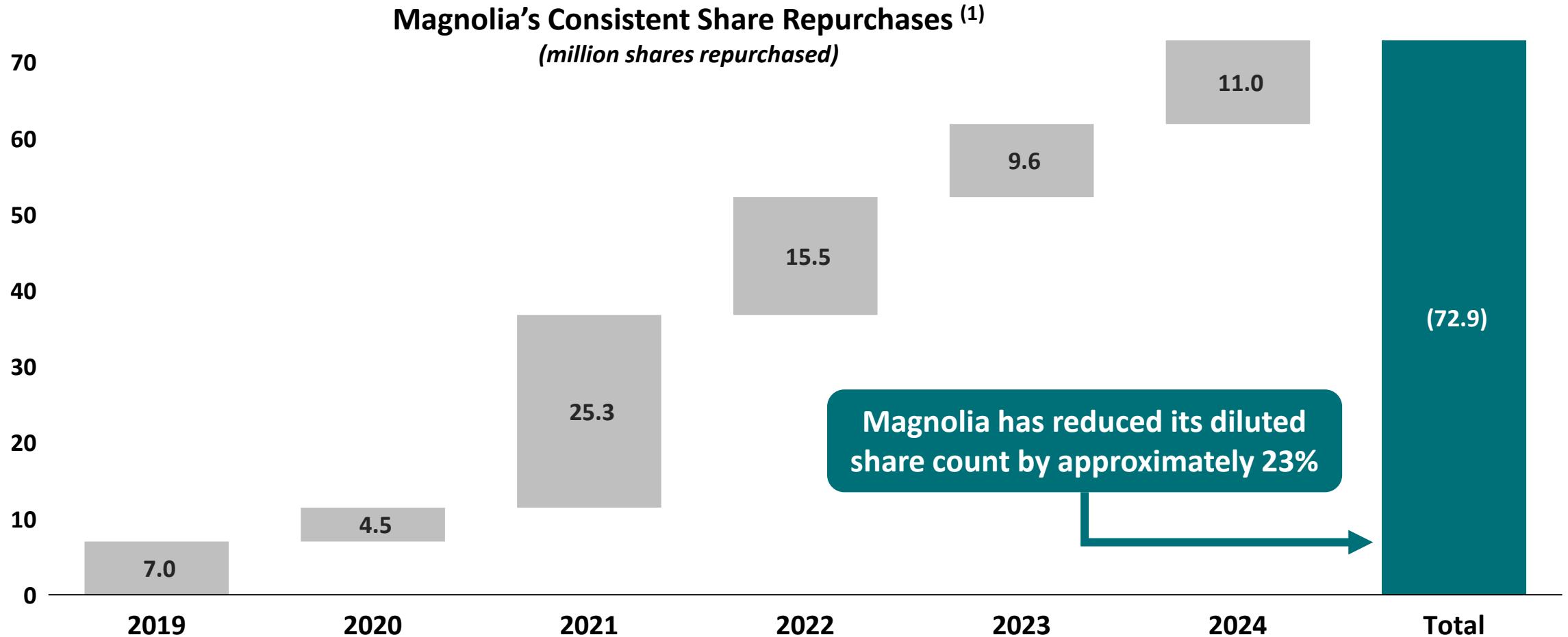
(3) Includes \$400 million related to issuance of new debt, offset by \$404 million paid in redemption of the old debt and \$13 million in debt issuance costs.

(4) Includes \$98 million of dividends paid to Class A shareholders and \$9 million of distributions to noncontrolling interest holders.

(5) Comprised of \$183 million Class A Common Stock Repurchases and \$90 million of Class B Common Stock Repurchase and cancellation.

(6) Incurred D&C and Leasehold Capital of \$487 million.

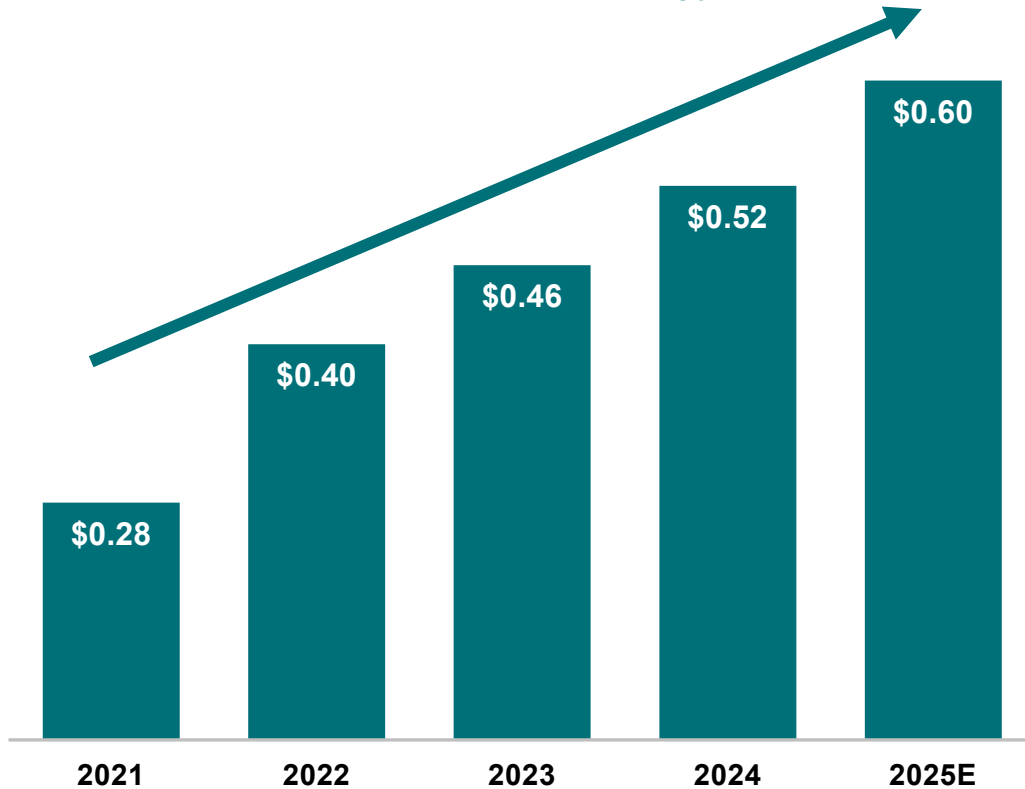
History of Significant & Consistent Share Repurchases



(1) Class A share reduction includes 3.6 million non-compete shares that were paid in lieu of stock in 2021. Includes both Class A and Class B share repurchases.

Track Record of a Safe, Sustainable and Growing Dividend

Dividend Payout Per Share
CAGR Has Exceeded 16%



- ❑ Magnolia's dividend has grown at a double-digit rate over the past 4 years
- ❑ Sustainable dividend growth supported even at lower product prices
- ❑ Dividend per share payout capacity is enhanced by moderate production growth and ongoing share repurchases, leading to higher than peer average dividend growth
- ❑ Long-term average annual dividend growth of ~10% through commodity cycles

Summary Balance Sheet

<i>(in thousands)</i>	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$260,049	\$401,121
Other current assets	150,775	190,152
Property, plant and equipment, net	2,306,034	2,052,021
Other assets	103,977	112,922
Total assets	\$2,820,835	\$2,756,216
Current liabilities	\$290,261	\$314,887
Long-term debt, net	392,513	392,839
Other long-term liabilities	170,735	165,822
Total equity	1,967,326	1,882,668
Total liabilities and equity	\$2,820,835	\$2,756,216

Margins and Cost Structure

<i>\$ / Boe, unless otherwise noted</i>	<i>For the Quarters Ended</i>		<i>For the Years Ended</i>	
	<i>December 31, 2024</i>	<i>December 31, 2023</i>	<i>December 31, 2024</i>	<i>December 31, 2023</i>
Revenue	\$38.13	\$41.06	\$40.08	\$40.83
Total Cash Operating Costs:				
Lease Operating Expenses ⁽¹⁾	(5.30)	(5.09)	(5.44)	(5.11)
Gathering, Transportation & Processing	(1.42)	(1.39)	(1.21)	(1.47)
Taxes Other Than Income	(1.85)	(2.07)	(2.19)	(2.18)
Exploration Expenses ⁽²⁾	(0.05)	(0.01)	(0.04)	(0.17)
General & Administrative Expenses ⁽³⁾	(2.00)	(1.99)	(2.20)	(2.09)
Total Adjusted Cash Operating Costs	(10.62)	(10.55)	(11.08)	(11.02)
Adjusted Cash Operating Margin	\$27.51	\$30.51	\$29.00	\$29.81
Margin %	72%	74%	72%	73%
Non-Cash Costs:				
Depreciation, Depletion, and Amortization	(12.30)	(12.21)	(12.62)	(10.81)
Impairment of Oil and Natural Gas Properties	-	-	-	(0.52)
Asset Retirement Obligations Accretion	(0.19)	(0.19)	(0.20)	(0.13)
Non-cash Stock Based Compensation	(0.54)	(0.52)	(0.57)	(0.54)
Exploration Expenses, non-cash	-	(0.03)	-	(0.01)
Total non-cash costs	(13.03)	(12.95)	(13.39)	(12.01)
Operating Income Margin	\$14.48	\$17.56	\$15.61	\$17.80
Add back: Impairment of oil and natural gas properties	-	-	-	\$0.52
Adjusted operating income margin	\$14.48	\$17.56	\$15.61	\$18.32
Margin %	38%	43%	39%	45%

(1) Lease operating expenses exclude non-cash stock based compensation of \$0.5 million, or \$0.06 per boe, and \$0.5 million, or \$0.06 per boe, for the quarters ended December 31, 2024 and 2023, respectively, and \$2.3 million, or \$0.07 per boe, and \$1.9 million, or \$0.06 per boe for the years ended December 31, 2024 and 2023, respectively.

(2) Exploration expenses exclude non-cash exploration activity of \$0.3 million, or \$0.03 per boe, for the quarter ended December 31, 2023, and \$0.3 million, or \$0.01 per boe, for the year ended December 31, 2023.

(3) General and administrative expenses exclude non-cash stock based compensation of \$4.0 million, or \$0.47 per boe, and \$3.6 million, or \$0.46 per boe, for the quarters ended December 31, 2024 and 2023, respectively, and \$16.4 million, or \$0.50 per boe, and \$14.3 million, or \$0.48 per boe, for the years ended December 31, 2024 and 2023, respectively.

Oil & Gas Reserves Detail

(In thousands)	For the Years Ended			Three Year Total
	December 31, 2024	December 31, 2023	December 31, 2022	
Costs incurred:				
Proved property acquisition costs	\$68,761	\$326,150	\$53,781	\$448,692
Unproved properties acquisitions costs	101,791	68,177	37,994	207,962
Total acquisition costs	\$170,552	\$394,327	\$91,775	\$656,654
Exploration and development costs	490,564	471,238	477,995	1,439,797
Total costs incurred	\$661,116	\$865,565	\$569,770	\$2,096,451
Less: Total acquisition costs	(170,552)	(394,327)	(91,775)	(656,654)
Less: Asset retirement obligations	(2,461)	(41,177)	(1,824)	(45,462)
Less: Exploration expenses	(1,374)	(5,171)	(11,032)	(17,577)
Less: Leasehold acquisition costs	(9,729)	(3,267)	(5,302)	(18,298)
Drilling and completion capital	(A)	\$477,000	\$421,623	\$459,837
Proved developed reserves (MMboe):				
Beginning of period	135.2	125.6	109.8	109.8
End of period	149.3	135.2	125.6	149.3
Increase in proved developed reserves	14.1	9.6	15.8	39.5
Production	(B)	32.8	30.1	90.4
Increase in proved developed reserves plus production	46.9	39.7	43.3	129.9
Less: Purchase of reserves in place, net of sales	(4.1)	(10.9)	(4.6)	(19.6)
Increase in proved developed reserves, excluding acquisitions, net of sales	42.8	28.8	38.7	110.3
Plus (Less): Price-related revisions	1.5	15.1	(10.4)	6.2
Increase in proved developed reserves, excluding acquisitions, sales, and price-related revisions	(C)	44.3	43.9	116.5
Organic proved developed F&D cost per boe	(A)/(B)	\$10.77	\$9.60	\$16.25
Organic reserve replacement ratio	(C)/(B)	135%	146%	129%

2025 Operating Plan & Guidance

2025E Production & Capital

Production Growth

5%-7% YoY Total Growth;

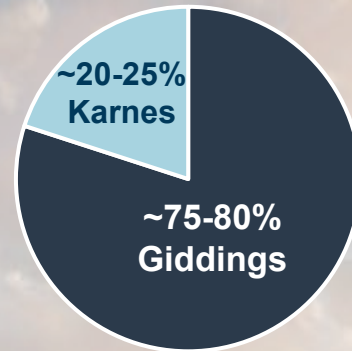
Capital Budget

Budget: \$460 - \$490 Million

2025 Operating Plan

~2 Rigs / ~1 Completion Crew

2025E Capital



First Quarter 2025 Guidance

Production

~94 Mboe/d

D&C Capital Spending

~\$135 Million

Oil Differential (To Magellan East Houston)

(\$3) Bbl

Fully Diluted Share Count

~195 million

Summary Investment Highlights



High Quality Assets Positioned for Success

- ❑ Leading position in the Giddings area with low breakevens and substantial running room
- ❑ Coveted position in the Karnes area in the core of the Eagle Ford



Positive Free Cash Flow and Industry Leading Margins

- ❑ Generated substantial annual free cash flow since inception of Magnolia
- ❑ Strong margins through the commodity cycle



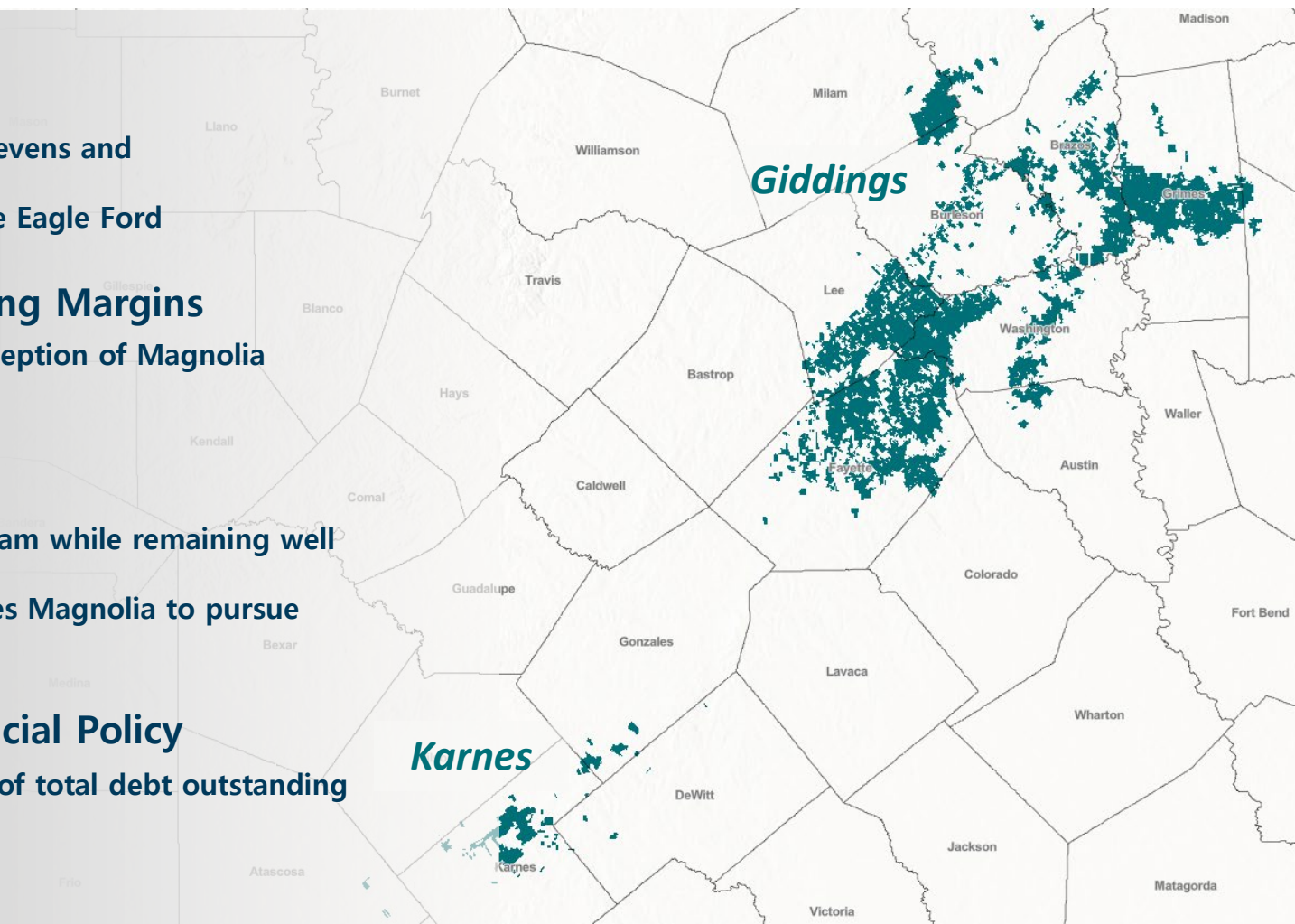
Multiple Levers of Growth

- ❑ Steady organic growth through proven drilling program while remaining well within cash flow
- ❑ Clean balance sheet and strong free cash flow enables Magnolia to pursue accretive bolt-on acquisitions



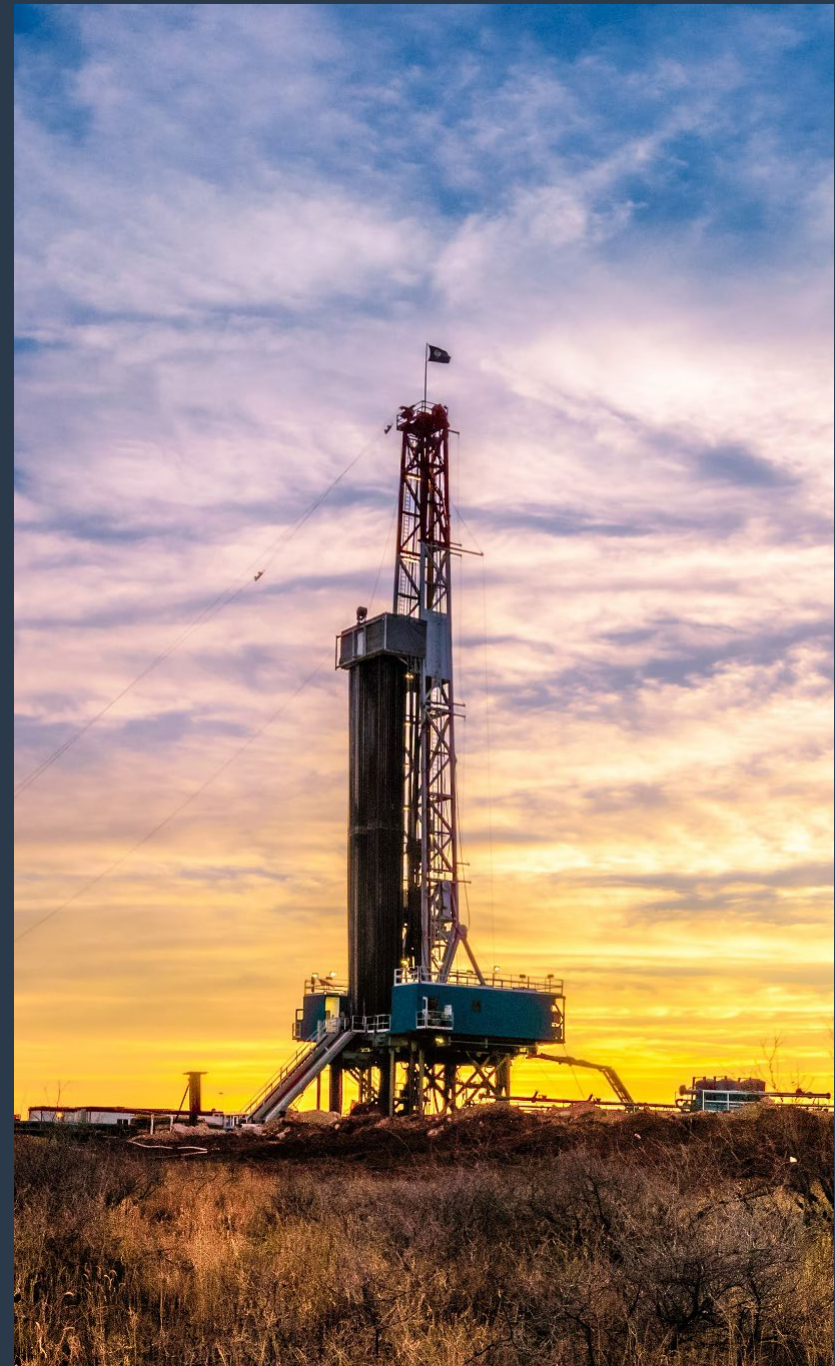
Strong Balance Sheet & Conservative Financial Policy

- ❑ Conservative leverage profile with only \$400 million of total debt outstanding and \$140 million of net debt
- ❑ Substantial liquidity of \$710 million¹




(1) Liquidity defined as cash plus availability under revolving credit facility as of 12/31/2024.

Appendix




Magnolia's Commitment to Sustainability


Safeguarding the Environment

86% 
REDUCTION
Flaring Intensity Rate
2019 to 2023

12% 
REDUCTION
GHG Intensity Rate
2019 to 2023

35% 
REDUCTION
Hydrocarbon Spill Volume
2019 to 2023

Supporting Employees and Communities


29% 
DIVERSITY
Minority representation
among all employees


1,000
SHARES
Minimum received by
all employees





2024
TOP WORKPLACES
Placed tenth among
mid-sized companies

Governing with Integrity

88% 
INDEPENDENT
7 of 8 Board members
are independent

25% 
FEMALE
2 of 8 Board members
are women

25% 
DIVERSITY
2 of 8 Board members
identify as minorities

50% 
REFRESHMENT
4 of 8 Board members have
5 or less years of tenure

Free Cash Flow Reconciliations

<i>(in thousands)</i>	For the Quarters Ended		For the Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net cash provided by operating activities	\$222,627	\$246,882	\$920,850	\$855,789
Add back: net change in operating assets and liabilities	5,293	(10,651)	(1,504)	15,842
Cash flows from operations before net change in operating assets and liabilities	\$227,920	\$236,231	\$919,346	\$871,631
Additions to oil and natural gas properties	(134,794)	(92,835)	(486,729)	(424,890)
Changes in working capital associated with additions to oil and natural gas properties	(2,840)	(12,105)	(2,385)	(33,793)
Free cash flow	\$90,286	\$131,291	\$430,232	\$412,948

Adjusted EBITDAX Reconciliations

<i>(in thousands)</i>	For the Quarters Ended		For the Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net income	\$88,708	\$113,856	\$397,330	\$442,604
Interest expense, net	4,688	405	14,371	33
Income tax expense	22,179	31,544	95,813	107,208
EBIT	\$115,575	\$145,805	\$507,514	\$549,845
Depreciation, depletion and amortization	105,332	95,922	414,487	324,790
Asset retirement obligations accretion	1,618	1,500	6,729	4,039
EBITDA	\$222,525	\$243,227	\$928,730	\$878,674
Exploration expenses	456	306	1,374	5,445
EBITDAX	\$222,981	\$243,533	\$930,104	\$884,119
Impairment of oil and natural gas properties	-	-	-	15,735
Gain on revaluation of contingent consideration	(504)	(7,643)	(4,312)	(7,643)
Loss on extinguishment of debt	8,796	-	8,796	-
Other income adjustment ⁽¹⁾	-	-	-	(9,193)
Non-cash stock based compensation expense	4,502	4,106	18,663	16,166
Adjusted EBITDAX	\$235,775	\$239,996	\$953,251	\$899,184

(1) The other income adjustment for the year ended December 31, 2023, includes \$5.3 million related to an earnout payment associated with the sale of the Company's 35% membership interest in Ironwood Eagle Ford Midstream, LLC in 2020 and \$3.9 million related to the gain on the sale of the Company's 84.7% interest in Highlander Oil & Gas Holdings LLC in 2023.

Adjusted Net Income Reconciliation

<i>(in thousands)</i>	For the Quarters Ended		For the Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net income	\$88,708	\$113,856	\$397,330	\$442,604
Adjustments:				
Impairment of oil and natural gas properties	-	-	-	15,735
Gain on revaluation of contingent consideration	(504)	(7,643)	(4,312)	(7,643)
Loss on extinguishment of debt	8,796	-	8,796	-
Other income adjustment ⁽¹⁾	-	-	-	(9,193)
Change in estimated income tax ⁽²⁾	(1,609)	1,490	(870)	215
Adjusted Net Income	\$95,391	\$107,703	\$400,944	\$441,718

<i>(in thousands)</i>	For the Quarters Ended		For the Years Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Total Share Count				
Diluted weighted average shares of Class A Common Stock outstanding during the period	190,647	184,625	186,492	188,355
Weighted average shares of Class B Common Stock outstanding during the period ⁽³⁾	5,523	21,827	13,497	21,827
Total weighted average shares of Class A and B Common Stock, including dilutive impact of other securities ⁽³⁾	196,170	206,452	199,989	210,182

(1) The other income adjustment for the year ended December 31, 2023, includes \$5.3 million related to an earnout payment associated with the sale of the Company's 35% membership interest in Ironwood Eagle Ford Midstream, LLC in 2020 and \$3.9 million related to the gain on the sale of the Company's 84.7% interest in Highlander Oil & Gas Holdings LLC in 2023.

(2) Represents corporate income taxes at an assumed annual effective tax rate of 19.4% and 19.5% for the quarters and years ended December 31, 2024 and 2023, respectively.

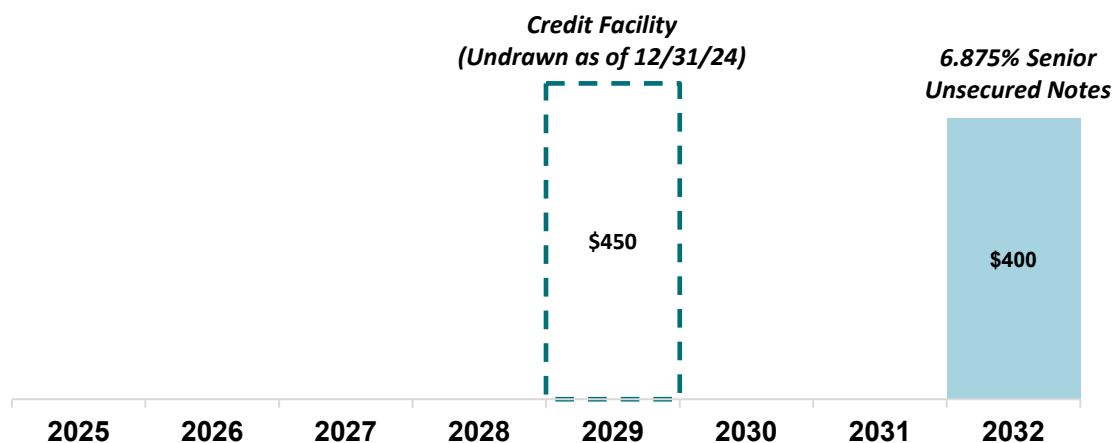
(3) Shares of Class B Common Stock, and corresponding Magnolia LLC Units, are anti-dilutive in the calculation of weighted average number of common shares outstanding.

Fourth Quarter 2024 Capital Structure & Liquidity Overview

Capital Structure Overview

- Maintaining low financial leverage profile
 - Currently have a net debt⁽¹⁾ position of \$140 MM
 - Net debt⁽¹⁾ / Q4 annualized adjusted EBITDAX of 0.1x
- Current Liquidity of \$710 million, including fully undrawn credit facility ⁽²⁾
- No debt maturities until senior unsecured notes mature in 2032

Debt Maturity Schedule (\$MM)



Capitalization & Liquidity (\$MM)

Capitalization Summary	As of 12/31/2024
Cash and Cash Equivalents	\$260
Revolving Credit Facility	\$0
6.875% Senior Notes Due 2032	\$400
Total Principal Debt Outstanding	\$400
Total Equity ⁽³⁾	\$1,967
Net Debt / Q4 Annualized Adjusted EBITDAX	0.1x
Net Debt / Total Book Capitalization	6%

Liquidity Summary	As of 12/31/2024
Cash and Cash Equivalents	\$260
Credit Facility Availability	\$450
Liquidity ⁽²⁾	\$710

(1) Net debt is calculated as the difference between cash and total long-term debt, excluding unamortized deferred financing cost.

(2) Liquidity defined as cash plus availability under revolving credit facility.

(3) Total Equity includes noncontrolling interest.

Return on Capital Employed

<i>(in thousands)</i>	<i>For the Quarter Ended</i>			<i>For the Years Ended</i>			
	<i>December 31, 2024</i>	<i>December 31, 2024</i>	<i>December 31, 2023</i>	<i>December 31, 2022</i>	<i>December 31, 2021</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
Operating income (loss)	\$124,067	\$511,988	\$534,485	\$1,073,786	\$602,594	(\$1,925,666)	\$127,502
Less:							
Impairment of oil and natural gas properties	-	-	15,735	-	-	1,945,257	-
Service agreement transition costs ⁽¹⁾	-	-	-	-	11,189	-	-
Transaction costs	-	-	-	-	-	-	438
Adjusted operating income (A)	\$124,067	\$511,988	\$550,220	\$1,073,786	\$613,783	\$19,591	\$127,940
Debt - beginning of period	394,793	392,839	390,383	388,087	391,115	389,835	388,635
Stockholders' equity - beginning of period	1,960,572	1,882,668	1,740,191	1,045,249	839,422	2,728,529	2,707,955
Capital employed - beginning of period	2,355,365	2,275,507	2,130,574	1,433,336	1,230,537	3,118,364	3,096,590
Debt - end of period	392,513	392,513	392,839	390,383	388,087	391,115	389,835
Stockholders' equity - end of period	1,967,326	1,967,326	1,882,668	1,740,191	1,045,249	839,422	2,728,529
Capital employed - end of period	2,359,839	2,359,839	2,275,507	2,130,574	1,433,336	1,230,537	3,118,364
Average capital employed (B)	\$2,357,602	\$2,317,673	\$2,203,041	\$1,781,955	\$1,331,937	\$2,174,451	\$3,107,477
Return on average capital employed (A/B)	5.3%	22.1%	25.0%	60.3%	46.1%	0.9%	4.1%

(1) Costs incurred during the transition period related to the termination of the Services Agreement with EnerVest Operating L.L.C. included within "General and administrative expenses" on the Company's consolidated statements of operations.

Oil & Gas Production Results

	Combined	Karnes	Giddings	Combined	Karnes	Giddings
	For the Quarter Ended December 31, 2024			For the Quarter Ended December 31, 2023		
Production:						
Oil (MBbls)	3,572	1,163	2,409	3,263	1,213	2,050
Natural gas (MMcf)	15,371	2,418	12,953	14,246	2,650	11,596
Natural gas liquids (MBbls)	2,431	394	2,037	2,221	408	1,813
Total (Mboe)	8,565	1,961	6,604	7,858	2,062	5,796
Average Daily Production Volume:						
Oil (MBbls/d)	38.8	12.6	26.2	35.5	13.2	22.3
Natural gas (MMcf/d)	167.1	26.3	140.8	154.8	28.8	126.0
Natural gas liquids (MBbls/d)	26.4	4.3	22.1	24.1	4.4	19.7
Total (MBoe/d)	93.1	21.3	71.8	85.4	22.4	63.0